

Congressman Ron Paul U.S. House of Representatives May 1, 2002

Mr. Chairman, I rise in strong support of this amendment, being a cosponsor of this amendment. I am opposed to the Export-Import Bank because I see there is no benefit to it, it has nothing to do with capitalism and freedom. It has a lot to do with special interests, and I am opposed to that.

One thing I am convinced of over the years from looking at bad agencies of government, tinkering on the edges does not do a lot of good. Members might ask why am I tinkering here? Why do I want to tell corporations what to do? I am a capitalist. I believe in capitalism. I do not want to tell the corporations what to do at all as long as they do not commit fraud and live up to their promises, but this is different because they are getting taxpayer money. That is different than if they were just a corporation making it on their own.

The gentleman from Nebraska (Mr. Bereuter) said if we do not give them these loans, the companies will not get any money and they will have to go overseas. This is a fallacy to believe if all of a sudden we took all of the Export-Import Bank money away from corporations, that they would have no funding. That is not true at all. There is a lot of funding available. It is just that they do not get the benefit, they do not get the subsidy.

What we are trying to do is make it fair to everyone so that the little guy who is competing for these same funds can compete on a level playing field and not give the advantage to the big guys. What happens so often when government gets involved is there are unintended consequences. The original intent was to boost exports and jobs. After 70 years, there are unintended consequences. The world is a more world market. I am not opposed to that. I believe in free trade; but I think this is more protectionism. This is so minor and so modest that anybody who wants to be on record for fairness into curtailing the political power of the Export-Import Bank, has to vote for this. This will be a little bit of help to a few people in order to say to these corporations that if they are going to get tax subsidies for their loans, and they start laying off people, they better lay them off someplace else other than here. That is pretty modest. I have no interest in ever telling a corporation to do this if they were not getting the special benefits from government. That makes the big difference.

Mr. Chairman, there is a market allocation of credit and there is credit allocation by politicians,

and that is what we are talking about here. We have credit allocation, and we have mal-investment and over capacity which causes the conditions to exist for the recession. Of course, a lot of this comes from what the Federal Reserve does in artificially lowering interest rates; but this is a compounding problem when government gets in and allocates credit at lower rates. It causes more distortions. This is why allocations to companies like Enron contributes to the bubble that ends up in a major correction.